

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 AGRE-00 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01
STR-07 CEA-01 AF-10 EA-10 /148 W
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P R 262100Z APR 78
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC PRIORITY 4315
INFO USMISSION GENEVA
AMEMBASSY LONDON

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DEPT PASS TO ALL ARA DIPLOMATIC POSTS

E.O. 11652: N/A
TAGS: OAS, ETRD, EGEN, XM
SUBJECT: OAS-SCCN MEETING BEGINS WITH ATTACKS ON PROTECTIONISM

1. SUMMARY. THE VIII REGULAR MEETING OF THE OAS SPECIAL COMMITTEE FOR CONSULTATION AND NEGOTIATION (SCCN) BEGAN APRIL 25 IN SANTO DOMINGO WITH A SERIES OF SPEECHES ATTACKING IN INCREASINGLY STRIDENT TERMS THE PERCEIVED GROWTH OF PROTECTIONISM IN THE US. DOMINICAN FOREIGN MINISTER JIMENEZ OPENED THE MEETING WITH A LONG SPEECH OUTLINING THE DR'S INTERESTS, EMPHASIZING SUGAR. HARD-HITTING, HIS SPEECH WAS AN ENERGETIC STATEMENT OF HIS OUTLOOK FOR THIS WEEK'S MEETING. OAS SECRETARY GENERAL ORFILA FOLLOWED WITH A SPEECH IN WHICH AT TIMES HE SEEMED TO BE REPRESENTING ALL OAS MEMBERS AND AT OTHER TIMES SEEMED TO BE STATING THE LATIN AMERICAN POSITION. HE STRESSED THE IMPORTANCE OF CONSULTATIONS WITHIN THE OAS SYSTEM. THE THIRD SET SPEECH WAS DELIVERED BY ARGENTINA'S OAS AMBASSADOR CARASALES IN HIS CAPACITY OF CHAIRMAN OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL. HIS COMMENTS WERE THE

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STRONGEST OF THE THREE SPEECHES AND VERGED ON INTEMPERATE CRITICISM OF US TRADE POLICIES. HAITI'S COMMERCE MINISTER CHARLOT GAVE A BLAND SPEECH ON BEHALF OF ALL THE DELEGATIONS THANKING THE DOMINICANS FOR THEIR HOSPITALITY.

2. THE FIRST PLENARY SESSION IN THE AFTERNOON WAS DEVOTED TO "GENERAL COMMENTS" FROM ARGENTINA, BRAZIL, COLOMBIA, CHILE,

VENEZUELA, ECUADOR AND URUGUAY. THE AGENDA CALLED FOR DISCUSSION OF SUGAR, BUT THE LATIN AMERICAN GROUP WAS STILL TRYING TO AGREE ON A COMMON SUGAR POSITION TO PRESENT TO THE US. THE LANGUAGE USED IN THESE GENERAL COMMENTS TENDED TO GET MORE AND MORE STRIDENT ENDING WITH A RATHER EMOTIONAL OUTBURST FROM THE URUGUAYAN. THE SPEAKERS CRITICIZED GSP VIRTUALLY TO THE POINT OF MAKING IT SEEM LIKE A TRADE BARRIER IN ITSELF, AND EXPRESSED SERIOUS CONCERN ABOUT RISING PROTECTIONISM. THE LATINS ARE SCHEDULED TO PRESENT THEIR COMMON SUGAR POSITION AT THE PLENARY SESSION ON APRIL 26. THE US DELEGATION PLANS TO MAKE A GENERAL RESPONSE TO SOME OF THE LESS REASONABLE COMPLAINTS OF THE FIRST DAY'S SESSION BEFORE WE GET INTO THE COMPLEXITIES OF SUGAR.

3. THE DOMINICAN FOREIGN MINISTER, OF COURSE, CONCENTRATED ON SUGAR TRADE HE SUPPORTED THE INTERNATIONAL SUGAR AGREEMENT AND CHARGED THAT US TARIFFS AND FEES CONTRAVENE ARTICLE 64 OF THE ISA. HE REFERRED TO THE RECENT ITC RECOMMENDATION FOR NATIONAL IMPORT QUOTAS, SUGGESTING THAT THIS WOULD BE THE BASIS FOR ALL CONSULTATIONS HERE IN SANTO DOMINGO. (COMMENT. THE UNWILLINGNESS OF BRAZIL AND SOME OTHERS TO SUPPORT THE IDEA OF NATIONAL QUOTAS IS AN OBSTACLE THE DOMINICAN REPUBLIC MAY NOT BE ABLE TO OVERCOME.) HE ALSO CRITICIZED AT LENGTH THE GSP, CONTENDING THAT FOR LDC'S TO COPE WITH THE SYSTEM ADEQUATELY "THE TASK BECOMES EXHAUSTING FOR COUNTRIES SUCH AS OURS WHICH HAVE VERY LIMITED TECHNICAL AND ECONOMIC RESOURCES TO DEFEND AND PROTECT RIGHTS WHICH ARE PROPERLY THEIRS AS MEMBERS OF THE INTERNATIONAL COMMUNITY." LIMITED OFFICIAL USE

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THE FONMIN ENDED ON A POSITIVE NOTE BY CITING PRESIDENT CARTER'S SPEECH IN CARACAS LAST MONTH.

4. SECRETARY GENERAL ORFILA ADDRESSED THE ROLE OF THE OAS WITHIN THE NORTH-SOUTH DIALOGUE. "THE US SHOULD REFLECT," HE SAID, "UPON THE FACT THAT THE HEMISPHERE, IN WHICH IT IS POLITICALLY INCLUDED WITHIN THE OAS, IS A MODEL SCENARIO WHERE IT CAN SHOW ITS ATTITUDE TOWARD THE HALF OF THE WORLD THAT DOES NOT FULLY SHARE MANKIND'S PROGRESS, AND IN THAT WAY EXERCISE ITS FOREIGN POLICY, OF WHICH WE HAVE RECENTLY HAD SUCH AN ENCOURAGING EXAMPLE IN THE RATIFICATION OF THE PANAMA CANAL TREATIES." THE INDUSTRIALIZED COUNTRIES ARE MANAGING THEIR ECONOMIC AND MONETARY INSTRUMENTS IN A COORDINATED PROCESS THAT LOOKS TOWARD A BALANCED GROWTH OF THEIR RESPECTIVE ECONOMIES AND WHICH ONLY INCIDENTALLY TAKES INTO ACCOUNT THE HOPES OF THE DEVELOPING WORLD. HE WENT ON TO IDENTIFY THESE ISSUES FOR CONSULTATION: SUGAR, TIN, MEAT, GSP, AND THE STATUS OF THE MTN.

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5. AMBASSADOR CARASALES CONCENTRATED ON WHAT HE CALLED PROTECTIONIST MEASURES REPORTEDLY APPLIED BY THE US AND ON TRYING TO ASSURE THAT GSP TAKES INTO ACCOUNT "THE TRUE INTERESTS OF LATIN AMERICA." ASIDE FROM SUGAR, THE "PROTECTIONIST MEASURES" TO WHICH HE REFERRED TURNED OUT TO BE STUDIES UNDER TAKEN BY THE ITC RATHER THAN RESTRICTIVE ACTIONS TAKEN BY THE USG. WITH REGARD TO GSP, HE SAID "IN MY OPINION LITTLE HAS BEEN ATTAINED NEITHER IN COVERING PRODUCTS OF REAL INTEREST TO OUR COUNTRIES NOR IN THE RESTRICTIVE ASPECTS OF THE SYSTEM". HE ENDED WITH A CALL TO REVITALIZE THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL. ITS NEXT MEETING, SCHEDULED FOR OCTOBER, COULD BEGIN THIS PROCESS BY ADDRESSING THE GAMUT OF ECONOMIC AND SOCIAL DEVELOPMENT PROBLEMS FACING THE HEMISPHERE.

6. THE GENERAL COMMENTS OFFERED DURING THE AFTERNOON'S PLENARY SESSION WERE PARTICULARLY CRITICAL OF GSP. FROM THE CRITICISMS OF THE ANNUAL REVIEW PROCESS, COMPETITIVENESS LIMITATIONS, STATUTORY EXCLUSIONS AND THE UNDERUTILIZATION OF GSP, ONE WOULD

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HAVE THOUGHT THAT THE SYSTEM ITSELF CONSTITUTED A BARRIER RATHER THAN AN INCENTIVE TO TRADE. THE RHETORIC BECAME UNNECESSARILY HEATED AS

THE AFTERNOON PROGRESSED AND AS DELEGATES EVIDENTLY TRIED TO OUTDO EACH OTHER. SINCE THE OTHER MEMBERS WERE NOT PREPARED WITH A COMMON SUGAR POSITION, THE SESSION CAME TO AN END WHEN THE GENERAL COMMENTS HAD ALL BEEN HEARD.

7. COMMENT. THE US DELEGATION PLANS TO RESPOND TO THE OTHER DELEGATIONS' GENERAL COMMENTS BY CORRECTING SOME OF THE MISCONCEPTIONS ABOUT US TRADE POLICIES IN GENERAL AND THE GSP GSP IN PARTICULAR AND SUGGESTING THAT MORE INFORMED AND TECHNICAL CONSULTATIONS ON TRADE ISSUES WOULD BE MORE PRODUCTIVE THAN ACCUSATORY POSITIONS.

AXELROD

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